

SENATE BILL REPORT

SB 5874

AS OF MARCH 4, 1991

Brief Description: Restricting the ability of certain small town banks to act as insurance agents.

SPONSORS: Senators Newhouse and Moore.

SENATE COMMITTEE ON FINANCIAL INSTITUTIONS & INSURANCE

Staff: Benson Porter (786-7470)

Hearing Dates: March 5, 1991

BACKGROUND:

Under current law, state-chartered commercial banks located in cities with a population of less than 5,000 inhabitants are authorized to act as an insurance agent. The Supervisor of Banking, the state regulator for state-chartered banks, adopted a regulation to administer and interpret this provision during the spring of 1990. Pursuant to this regulation, a bank, including a full service branch, can act as an insurance agent without any limitation on the insurance agency service area. Some concern has been raised about the authority of the supervisor to adopt this regulation.

SUMMARY:

Any bank acting as an insurance agent in a city with less than 5,000 inhabitants can only market insurance products and services to inhabitants of the city in which the bank is located.

Appropriation: none

Revenue: none

Fiscal Note: none requested